U.S. CUSTOMS SERVICE
OFFICE OF STRATEGIC TRADE
REGULATORY AUDIT DIVISION

COMPLIANCE IMPROVEMENT PLAN FRAMEWORK

PURPOSE

This exhibit provides guidance for developing, submitting and implementing a Compliance Improvement Plan (CIP) to correct non-compliance found during the Compliance Assessment (CA). It essentially explains the expectations for submitting the CIP and related documentation to the Account Manager (AM) or the designated CIP point of contact. The CIP should identify the company point of contact, describe the non-compliant area, illustrate the corrective action and project the completion, implementation and validation target dates. A suggested format (template) has been provided for preparing a CIP.

Upon receipt of the CIP, the company will be notified in writing as to the status of the CIP and its related supporting documentation. The letters will inform the company as to whether the CIP and supporting documentation reasonably address the deficiencies noted on the audit result sheets and/or if additional information is necessary.

BACKGROUND

When a CA indicates the need for corrective action by the company to correct deficiencies and ensure future compliance, the related CA report will recommend that the company prepare and implement a CIP. The CAT Leader will work with the company to determine the cause and effect of any non-compliance which will assist the company in developing their CIP.

The CIP outlines the deficiencies noted on the result sheets. The company should report the corrective action to be taken, how the system will be changed to accommodate the corrective action, and provide time frames for implementation and validation.

CIP DESCRIPTION

A CIP is a written document which details the company's plan to correct each noted non-compliant area found during the CA. It includes a timetable for developing and implementing the company's corrective action and the requirements for monitoring and submitting supporting documentation such as an import procedure manual, internal control manual or other evidence documenting corrective action taken. The plan should be transmitted in writing by the company at the corporate level to the appropriate AM or the designated CIP point of contact. Upon full implementation the company should validate whether the corrective action taken was effective.

TIMEFRAMES

Companies will be given a conditional period of six months from the date of the report to implement their CIP before being placed in a higher compliance risk category. During this time the company will be placed in the "standard" risk category. Upon full implementation of the CIP, Customs will conduct a follow-up review to determine if the corrective actions taken by the company and identified in the CIP, were implemented and effective in correcting the deficiencies identified during the previously conducted CA. If, at the end of the six month conditional period, the company has not implemented the CIP, but has demonstrated significant progress, extensions may be granted, if requested by the company. If, at the end of the six month period, Customs is in the process of conducting a follow-up review but has not completed it, the company will be given an automatic extension and will remain in the "standard" risk category until the follow-up review is completed.

If the company does not agree to implement a CIP within six months, or if the company has not implemented a CIP within the six month timeframe, and has not demonstrated significant progress, the AM will take appropriate action. When applicable, the company will be informed in writing of their compliance risk category designation.

CIP CONTENTS

Responsible Official

The CIP should identify the name and title of the person assigned to coordinate the CIP process. That person should be the company's primary point of contact regarding the CIP.

Deficiency Disclosed on the Result Sheet

The CIP should clearly state the deficiencies found during the CA for each non-compliant area and should refer to the result sheet(s) describing the non-compliant condition.

Action Steps

The company should include a full explanation of any corrective action steps taken and/or action steps that are anticipated to correct the non-compliant areas. A step-by-step outline is necessary for the integration of each affected department involved with the company's Customs transactions.

Supporting Documentation

Copies of supporting documentation (department operating manuals illustrating the change, policy statements or other evidence documenting the corrective action for those action steps already completed) should be attached to the CIP. The nature of the required action steps should determine what kind of supporting documentation to provide.

Target Dates
A target date should be established for each action step required to correct a deficiency. The company should inform Customs when it expects to complete the associated corrective action steps.

Responsible Department
In some cases, there may be more than one department responsible for addressing an action step. The action plan should reference the department assigned to address each action step.

Validation Action
As the final action step the company should describe the validation action. It should include the testing methodology to be used, who will conduct the testing, number of transactions to be tested, date testing will begin and conclude, and when the results will be forwarded to Customs. It is important to note that Customs will not normally conduct the follow-up review until the company has completed its validation action.

Approving Official
The CIP should be signed and transmitted at the corporate level and include the name and the position title of the office and the date issued.

COMPLIANCE IMPROVEMENT PLAN
(Suggested Format)

<table>
<tr><td colspan="2">Company Name</td><td colspan="2"></td></tr>
<tr><td colspan="2">Date Compliance Improvement Plan Prepared</td><td colspan="2"></td></tr>
<tr><td colspan="4">CIP CONTENTS</td></tr>
<tr><td colspan="2">Responsible Official’s Name/Title</td><td colspan="2">(Person Coordinating CIP Process)</td></tr>
<tr><td colspan="4">Deficiency Disclosed on the Audit Results Sheet
(Should be taken from the “Condition” Section of the Result Sheet)</td></tr>
<tr><td colspan="2">Corrective Action</td><td>Target Date</td><td>Responsible Department</td></tr>
<tr><td>(Specific Action Steps to be Taken to Correct the Deficiency)</td><td>(Supporting Documentation to be Submitted)</td><td>(Date Expected to Complete each action step)</td><td>(Title of department assigned to address each action step)</td></tr>
<tr><td colspan="4">Validation Action
(Describe Testing Methodology to be Used)</td></tr>
<tr><td colspan="3">Approving Official/Title</td><td>Date</td></tr>
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